

**BOARD OF PATENT APPEALS AND INTERFERENCES
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Appellants : Stuart A. Fraser et al.
Application No. : 10/829,119 Confirmation No. : 6481
Filed : April 20, 2004
For : SYSTEMS AND METHODS FOR TRADING
Group Art Unit : 3691
Examiner : Ann E. Loftus

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Commissioner for Patents
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REPLY BRIEF UNDER 37 C.F.R. § 41.41

Sir:

This is a Reply to the Examiner's Answer dated December 16, 2009 in the present application.

Pursuant to 37 C.F.R. § 41.41(c) and § 1.136(b), Appellants filed on February 12, 2010 a petition for a one-month extension of time to extend the time for filing a Reply Brief and Request for Oral Hearing up to and including March 16, 2010. A decision on the petition has not yet been received.

The Commissioner is hereby authorized to charge any additional fees which may be required or credit any overpayment, to Deposit Account No. 50-3938.

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I. STATUS OF CLAIMS

The following claims are pending and stand rejected in the present application:

- Independent claims **38, 58, and 67**.
- Dependent claims **41, 45-47, 50-54, 56-57, 59, 62-66, 68, and 71-75**.

The following claims were previously cancelled:

- Claims **1-37, 39-40, 42-44, 48-49, 55, 60-61, and 69-70**.

The following claims are being appealed:

- Independent claims **38, 58, and 67**.
- Dependent claims **41, 45-47, 51-54, 57, 59, 63-66, 68, and 72-75**.

Appellants note that in the Appeal Brief filed on July 21, 2009 (hereinafter Appeal Brief), **Section III** and **Section VII** designated dependent claims **50, 56, 62, and 71** as being appealed. These claims are not being appealed.

II. GROUND OF REJECTION TO BE REVIEWED ON APPEAL

The grounds of rejection to be reviewed on appeal are whether:

- Independent claims **38, 58, and 67** and dependent claims **41, 45-46, 52, 57, 59, 64, 68, and 73** are unpatentable under 35 U.S.C. § 103(a) over Wiseman, U.S. Patent No. 5,168,446 (hereinafter, Wiseman) in view of Vojtech Menzl, “Czech Republic - Environmental Protection Equipment,” July 13, 1995 (hereinafter, Menzl);
- Dependent claims **51, 53-54, 63, 65-66, 72, and 74-75** are unpatentable under 35 U.S.C. § 103(a) over Wiseman and Menzl in view of Bay, U.S. Patent No. 5,347,452 (hereinafter, Bay); and
- Dependent claim **47** is unpatentable under 35 U.S.C. § 103(a) over Wiseman and Menzl in view of Official Notice.

III. ARGUMENT

A. Rejection Under 35 U.S.C. § 103(a) over Wiseman in view of Menzl

1. **First Group: Claims 38, 41, 45-47, 51-54, and 57 - No *prima facie* showing of obviousness**

In the Examiner's Answer dated December 16, 2009 (hereinafter Answer), the Examiner continues to reject independent claim **38** under 35 U.S.C. §103(a) as being unpatentable over Wiseman in view of Menzl. Answer, pages 3-6 and 8-12. Appellants repeat herein **Subsection VII.C.1** of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for independent claim **38** (and claims **41, 45-47, 51-54**, and **57** which depend there from).

a. No showing that the references disclose or suggest all limitations of the claims.

With specific reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claim **38**, it is the undersigned's understanding that the Examiner has the following position:¹

1. That Wiseman discloses a period where an order can be canceled, followed by a period (i.e., the proposal stage) where the order cannot be canceled,
2. That Menzl Section 5.4.1 discloses a period (i.e., the evaluation time/period) where an order cannot be canceled, followed by a period where the order can be canceled, and
3. That it would be obvious in view of Menzl to modify the proposal stage of Wiseman such that the proposal stage includes a portion where an order cannot be canceled followed by a portion where the order can be canceled, thereby obviating claim **38**.

Answer, pages 8-12.

The Examiner's position is flawed in that the Examiner mischaracterizes the cited portion of Menzl. In particular, Menzl Section 5.4.1 does not disclose a period where an order cannot be

¹ On February 19, 2010, the undersigned discussed with Examiner Loftus her "Response to Argument" as set forth in the Answer. As a result of that discussion, it is the undersigned's understanding that Examiner Loftus has the noted position. In addition, the noted position is consistent with the Answer. See Answer: pages 9-10 (paragraph reading "Here Wiseman teaches ... according to their established functions."); page 11 (paragraph reading "Here Wiseman teaches ... discloses the claimed language."); and pages 11-12 (paragraph reading "The Appellant argues on page 24 ... allows a party to terminate a stalled transaction.")

canceled, followed by a period where the order can be canceled. Because the Examiner mischaracterizes Menzl, the Examiner fails to provide any basis for modifying Wiseman in the manner recited by claim **38**, and thereby fails to establish a *prima facie* case of obviousness for this claim (and claims **41**, **45-47**, **51-54**, and **57** which depend there from).

Specifically, the cited portion of Menzl Section 5.4.1 relied on by the Examiner states:

Evaluation time, defined as a time period during which bidders are bound with their offers, is uniform for all participants and without prolonging may not exceed 90 calendar days. This does not apply for the first three bidders, whose evaluation period is extended until the contract is signed. (Article 8)

Menzl page 10 (this paragraph is also repeated at Menzl page 25). In rejecting claim **38**, the Examiner interprets the word “bound” as used in this paragraph to mean that a bidder cannot cancel an offer/order during the evaluation time/period. Answer, page 4 (“... that it is not possible for the bidder to cancel during this time”) and pages 9-12. First, the Examiner fails to provide any evidence that the word “bound” as used by Menzl means that a bidder cannot cancel an offer/order during the evaluation time/period. On the contrary, the Examiner’s interpretation of the word “bound” is purely conclusory. Second, the Examiner’s interpretation of the word “bound” is inconsistent with other portions of Menzl that state an order can be canceled during the evaluation time/period. In particular, Menzl further states in part:

Guarantee is forfeited if an applicant, in contradiction to this Act or the tender conditions, canceled or changed his bid or did not meet the obligation to sign the contract during the standard or extended evaluation time. (Article 26)

Menzl, page 27. As shown, Menzl states that a bid/order can be canceled during the evaluation time/period, which is contrary to the Examiner’s interpretation of the word “bound.”

Appellants made a similar argument in the Appeal Brief. See Appeal Brief, pages 15-17. In response to that argument, the Examiner states:

The appellant argues on page 16 of the Appeal Brief that Menzl’s disclosure of a penalty (forfeiture of guarantee) for cancelling somehow invalidates the teaching of making orders available. An option to cancel preserves the ability to trade for the remaining orders. Menzl’s penalty does not prevent trading for remaining orders not cancelled, thus there is no teaching away from an order being available to at least a second participant for at least a predetermined period of time.

Answer, page 9 (underlined emphasis added). First, the Examiner’s response is inconsistent with the Examiner’s own position that “bound,” as used by Menzl in Section 5.4.1, means that a

bidder cannot cancel an order during the evaluation time/period in that the Examiner concedes there is an “option to cancel” during the evaluation time. Second, there being an ability to trade for “remaining orders not cancelled,” as the Examiner asserts, is irrelevant to not being able to cancel an order during the evaluation time.

On February 19, 2010, the undersigned discussed with Examiner Loftus that the Examiner’s interpretation of Menzl Section 5.4.1 is inconsistent with Menzl page 27. During that discussion, the Examiner appeared to indicate that the Examiner may read Menzl Section 5.4.1 independently from Menzl page 27 (i.e., disregard page 27). Assuming the Examiner may be selectively interpreting Menzl in this fashion, the Examiner fails to provide any basis in law for doing such.

More specifically, such a selective interpretation of a reference is inconsistent with the law. In particular, in obviousness, an examiner must make a decision “on the entirety of the evidence,” not on selected portions thereof. *In re Kumar*, 418 F.3d 1361, 1366 (Fed. Cir. 2005), citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). Prior art must be considered “for all that it discloses,” *Kumar*, 418 F.3d at 1368, not only for the portions supporting a rejection. *Universal Camera Corp. v. Nat’l Labor Relations Bd.*, 340 U.S. 474, 477 (1951) (agency “must take into account whatever in the record fairly detracts from” the weight of other evidence).

For at least the foregoing reasons, the Examiner fails to show that Menzl Section 5.4.1 discloses a period during which an order cannot be canceled.

Furthermore, even assuming, *arguendo*, that the evaluation time/period of Menzl, as interpreted by the Examiner, is a period during which an order cannot be canceled, such an interpretation by the Examiner is inconsistent with the Examiner’s further position that “when the [evaluation] period is over, bidders are no longer bound with their offers, thus are free to cancel.” Answer, pages 10-12. Specifically, Menzl Section 5.4.1 states that “for the first three bidders, [the] evaluation period is extended until the contract is signed.” In other words, the first three bidders are further “bound” with their offers/orders during an extended evaluation time. *See Menzl* page 28. Notably, during the extended evaluation time there are no other orders capable of being canceled in that other orders, at this stage, have been rejected/refused by an appropriator. *See Menzl* pages 26-28. Accordingly, when the evaluation period is over, the only orders in a position to be canceled are those of the first three bidders. However, by the Examiner’s own interpretation of “bound,” these orders cannot be canceled during the extended

evaluation time. In short, the Examiner cannot both interpret Menzl Section 5.4.1 to disclose a period where an order cannot be canceled, followed by a period where the order can be canceled. More specifically, the cited portion of Menzl Section 5.4.1 does not disclose a period where an order cannot be canceled, followed by a period where the order can be canceled.

Because the Examiner mischaracterizes the cited portion of Menzl to disclose a period where an order cannot be canceled, followed by a period where the order can be canceled, the Examiner fails to provide any basis for modifying Wiseman in the manner recited by claim **38**. Accordingly, the Examiner fails to establish a *prima facie* case of obviousness for claim **38** (and claims **41**, **45-47**, **51-54**, and **57** which depend there from).

b. *No reasoning based on evidence of record for combining the references in the manner recited by the claims.*

With further reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claim **38**, the Examiner states:

... the appellant argues there is no support for the motivation to combine and modify Wiseman with Menzl. In KSR Int'l Co. v. Teleflex, Inc., ... the Supreme Court warned against the rigid use of a test for 'teaching, suggestion or motivation,' and said that the operative question is whether the improvement is more than the predictable use of prior art elements according to their established functions. A reference for a motivation is not a requirement to show obviousness.

Answer, page 9.

Although the Examiner may not need a written reference to show obviousness, the Examiner must provide reasoning based on *some evidence* for combining references in the manner recited by the claims. In particular, teachings, suggestions, or motivations need not always be written references, however, the obviousness test must proceed on the basis of *some* evidence of record. See Ortho-McNeil Pharmaceutical v. Mylan Labs, 520 F.3d 1358, 1365 (Fed. Cir. 2008). Although an obviousness analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, the rejection of a patent on obviousness grounds cannot be sustained by mere conclusory statements. KSR Int'l Co. v. Teleflex, Inc., 127 S.Ct. 1727, 1741 (2007). There must be some articulated reasoning with some rational underpinning to support a legal conclusion of obviousness. Id. A patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was,

independently, known in the prior art. Id. It can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed invention does because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known. Id.

In rejecting claim **38**, the Examiner fails to provide any evidence, let alone reasoning based on evidence, for combining alleged features of the references in the manner recited by claim **38**. Answer, pages 3-6 and 8-12. Rather, the Examiner's reasoning for combining the references is purely conclusory.

Since the Examiner has offered no reasoning based on evidence for combining the references in the manner the Examiner has proposed, the Examiner fails to establish a *prima facie* case of obviousness for claim **38** (and claims **41**, **45-47**, **51-54**, and **57** which depend there from).

2. Second Group: Claims 58-59 and 63-66 - No *prima facie* showing of Obviousness.

SEPARATE ARGUMENT OF PATENTABILITY

In the Answer, the Examiner continues to reject independent claim **58** under 35 U.S.C. §103(a) as being unpatentable over Wiseman in view of Menzl. Answer, pages 3-6 and 13. Appellants repeat herein Subsection VII.C.2 of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for independent claim **58** (and claims **59** and **63-66** which depend there from).

With specific reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claim **58**, the Examiner puts forth the same arguments as for claim **38** as discussed by Appellants in Subsection III.A.1 of this paper. Answer, page 13. Accordingly, Appellants repeat herein Subsection III.A.1 of this paper. For at least the reasons set forth in that subsection, the Examiner fails to establish a *prima facie* case of obviousness for claim **58** (and claims **59** and **63-66** which depend there from).

3. Third Group: Claims 67-68 and 72-75 - No *prima facie* showing of Obviousness.

SEPARATE ARGUMENT OF PATENTABILITY

In the Answer, the Examiner continues to reject independent claim **67** under 35 U.S.C. §103(a) as being unpatentable over Wiseman in view of Menzl. Answer, pages 3-6 and 14.

Appellants repeat herein **Subsection VII.C.3** of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for independent claim **67** (and claims **68** and **72-75** which depend there from).

With specific reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claim **67**, the Examiner puts forth the same arguments as for claim **38** as discussed by Appellants in **Subsection III.A.1** of this paper. Answer, page 14. Accordingly, Appellants repeat herein **Subsection III.A.1** of this paper. For at least the reasons set forth in that subsection, the Examiner fails to establish a *prima facie* case of obviousness for claim **67** (and claims **68** and **72-75** which depend there from).

B. Rejection Under 35 U.S.C. § 103(a) over Wiseman and Menzl in view of Bay

1. Fourth Group: Claims 51, 53, 63, 65, 72, and 74 - No *prima facie* showing of obviousness

SEPARATE ARGUMENT OF PATENTABILITY.

The Fourth Group is a subset of the First Group and is therefore patentable for the reasons set forth above for the First Group. The Fourth Group is a subset of the Second Group and is therefore patentable for the reasons set forth above for the Second Group. The Fourth Group is a subset of the Third Group and is therefore patentable for the reasons set forth above for the Third Group. In addition, the following separate arguments of patentability apply.

In the Answer, the Examiner continues to reject dependent claims **51, 53, 63, 65, 72, and 74** under 35 U.S.C. §103(a) as being unpatentable over Wiseman, in view of Menzl, in further view of Bay. Answer, pages 6-7 and 15-16. Appellants repeat herein **Subsection VII.D.1** of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for claims **51, 53, 63, 65, 72, and 74**.

a. No reasoning based on evidence of record for combining the references in the manner recited by the claims.

With specific reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claims **51, 53, 63, 65, 72, and 74**, the Examiner states:

It would have been obvious ...to use the known technique, with predictable results and a reasonable expectation of success, to result in a system that accesses at least one parameter that comprises a setting for the predetermined period of time.... Thus Wiseman in view of Menzl in view of Bay discloses the limitations claimed.

... the appellant argues there is no support for the motivation to combine and modify Wiseman with Bay. The rejection is actually based on Wiseman in view of Menzl in view of Bay.... In *KSR Int'l Co. v. Teleflex, Inc.*, ... the Supreme Court warned against the rigid use of a test for 'teaching, suggestion or motivation,' and said that the operative question is whether the improvement is more than the predictable use of prior art elements according to their established functions. A reference for a motivation is not a requirement to show obviousness.

Answer, pages 15-16.

As similarly discussed in **Subsection III.A.1.b** of this paper, although the Examiner may not need a written reference to show obviousness, the Examiner must provide reasoning based on *some evidence* for combining references in the manner recited by the claims. In rejecting claims **51, 53, 63, 65, 72, and 74**, the Examiner fails to provide any evidence, let alone reasoning based on evidence, for combining alleged features of the references in the manner recited by the claims. Answer, pages 6-7 and 15-16. Rather, the Examiner's reasoning for combining the references is purely conclusory.

Since the Examiner has offered no reasoning based on evidence for combining the references in the manner the Examiner has proposed, the Examiner fails to establish a *prima facie* case of obviousness for claims **51, 53, 63, 65, 72, and 74**.

2. Fifth Group: Claims 54, 66, and 75 - No *prima facie* showing of obviousness

SEPARATE ARGUMENT OF PATENTABILITY.

The Fifth Group is a subset of the First Group and is therefore patentable for the reasons set forth above for the First Group. The Fifth Group is a subset of the Second Group and is therefore patentable for the reasons set forth above for the Second Group. The Fifth Group is a

subset of the Third Group and is therefore patentable for the reasons set forth above for the Third Group. In addition, the following separate arguments of patentability apply.

In the Answer, the Examiner continues to reject dependent claims **54, 66, and 75** under 35 U.S.C. §103(a) as being unpatentable over Wiseman, in view of Menzl, in further view of Bay. Answer, pages 6-7 and 16-17. Appellants repeat herein **Subsection VII.D.2** of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for claims **54, 66, and 75**.

a. No showing that the references disclose or suggest all limitations of the claims.

With specific reference to the Examiner's Response (Section 10 of the Answer) to Appellants' arguments regarding claims **54, 66, and 75**, the Examiner states:

Wiseman's proposal stage is predetermined by start event and end event, but is not a fixed length and would not be the same length of time for each trade. A person of ordinary skill in the art would expect that the predetermined period is different for the second item in Wiseman's system. Thus the limitations are disclosed.

Answer, pages 16-17 (underlined emphasis added).

The Examiner's fails to provide any evidence, let alone reasoning based on evidence, to support the Examiner's assertions as to what a person of ordinary skill in the art "would expect." Id. Rather, the Examiner's assertions are purely conclusory. All factual findings of the Patent and Trademark Office must be supported by substantial evidence.

Because the Examiner's assertions are purely conclusory, the Examiner fails to show that the references teach or suggest all limitations of claims **54, 66, and 75**. Accordingly, the Examiner fails to establish a *prima facie* case of obviousness for these claims.

C. Rejection Under 35 U.S.C. § 103(a) over Wiseman and Menzl in view of Official Notice

1. Sixth Group: Claim 47 – No *Prima Facie* Showing of Obviousness

SEPARATE ARGUMENT OF PATENTABILITY.

The Sixth Group is a subset of the First Group and is therefore patentable for the reasons set forth above for the First Group. In addition, the following separate arguments of patentability apply.

In the Answer, the Examiner continues to reject dependent claim **47** under 35 U.S.C. §103(a) as being unpatentable over Wiseman, in view of Menzl, in further view of officially-noted subject matter. Answer, pages 7-8 and 17-18. Appellants repeat herein **Subsection VII.E.1** of the Appeal Brief and in particular, maintain the Examiner fails to establish a *prima facie* case of obviousness for claim **47**.

a. *No reasoning based on evidence of record for combining the references in the manner recited by the claims.*

With specific reference to the Examiner's response (Section 10 of the Answer) to Appellants' arguments regarding claim **47**, the Examiner states:

... the appellant argues there is no support for the motivation to combine and modify Wiseman with officially noted subject matter. In KSR Int'l Co. v. Teleflex, Inc., ... the Supreme Court warned against the rigid use of a test for 'teaching, suggestion or motivation,' and said that the operative question is whether the improvement is more than the predictable use of prior art elements according to their established functions. A reference for a motivation is not a requirement to show obviousness.

Answer, pages 17-18.

As similarly discussed in **Subsection III.A.1.b** of this paper, although the Examiner may not need a written reference to show obviousness, the Examiner must provide reasoning based on *some evidence* for combining references in the manner recited by the claims. In rejecting claim **47**, the Examiner fails to provide any evidence, let alone reasoning based on evidence, for combining alleged features of the references and art in the manner recited by the claim. Answer, pages 7-8 and 17-18. Rather, the Examiner's reasoning for combining the references and art is purely conclusory.

Since the Examiner has offered no reasoning based on evidence for combining the references in the manner the Examiner has proposed, the Examiner fails to establish a *prima facie* case of obviousness for claim **47**.

D. Conclusion

In view of the foregoing, Appellants submit that the pending claims are in proper condition for allowance, and the Board is respectfully requested to overturn the Examiner's rejection of these claims.

March 16, 2010
Date

Respectfully submitted,
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